



National Disability Insurance Scheme (Approved Quality Auditors Scheme) Amendment Guidelines No.2 2019

I, Graeme Head, Commissioner of the NDIS Quality and Safeguards Commission, make the following guidelines.

Dated 18 December 2019

Graeme Head
Commissioner of the NDIS Quality and Safeguards Commission

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1 Name

This instrument is the *National Disability Insurance Scheme (Approved Quality Auditors Scheme) Amendment Guidelines No. 2 2019*.

2 Commencement

This instrument commences on 1 January 2020.

3 Authority

This instrument is made under subsection 181D(2) of the *National Disability Insurance Scheme Act 2013*.

4 Schedule

Each instrument that is specified in a Schedule to this instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this instrument has effect according to its terms.

Schedule 1—Amendments

National Disability Insurance Scheme (Approved Quality Auditors Scheme) Guidelines 2018

1 Overview of the core accreditation processes for the Approved Quality Auditors Scheme

Paragraph 2, line 1, omit “Auditor” and substitute with “Auditors”.

2 Section 4 (definition of Certification or verification audit)

Repeal the definition and substitute with:

Certification audit means an audit for the purposes of ascertaining whether an NDIS provider meets the applicable standards using the certification assessment method described in section 5 of the *National Disability Insurance Scheme (Provider Registration and Practice Standards) Rules 2018*.

3 Section 4 (definition of IAF MD2)

After “means the”, insert “current version of”.

Omit “2017”.

4 Section 4

Insert:

IAF MD4 means the current version of the International Accreditation Forum Inc. Mandatory Document for the Use of Information and Communication Technology (ICT) for Auditing/Assessment Purposes.

Note: This can be accessed here - https://www.iaf.nu/articles/Mandatory_Documents_/38

5 Section 4 (definition of Material change)

Repeal the definition of “Material change”.

6 Section 4

Insert:

Mid-term audit means an audit conducted for the purposes of section 13B of the National Disability Insurance Scheme (Provider Registration and Practice Standards) Rules 2018 (see section 21 of this instrument).

7 Section 4 (definition of Proportionality)

Repeal the definition and substitute with:

Proportionality means having regard to the matters set out in subsection 5(1A) of the *National Disability Insurance Scheme (Provider Registration and Practice Standards) Rules 2018*.

8 Section 4 (definition of Registration date)

Repeal the definition and substitute with:

Registration approval date means the date on which the NDIS Commissioner has granted a person's application to be registered as a registered NDIS provider under section 73E of the Act

Note: The registration approval date is relevant to the commencement date of the initial audit cycle for the audit program for registered NDIS providers as set out in section 10.

9 Section 4 (definition of Registration renewal date)

Repeal the definition and substitute with:

Registration renewal date means the registration expiry date (or the last date of the period of registration) listed on a registered NDIS provider's certificate of registration, and is the date before which an application for registration under section 73C of the Act must be commenced in the Commission's system in order for the registered NDIS provider's registration to continue in accordance with section 73K of the Act until the Commissioner makes a decision on the application.

10 Section 4 (definition of Scheme)

Omit "Auditor" and substitute with "Auditors".

11 Section 4

Insert:

Specified changes or events means a change or event of which notice is required to be given by a registered NDIS provider to the Commissioner as described in sections 13 or 13A of the *National Disability Insurance Scheme (Provider Registration and Practice Standards) Rules 2018*.

12 Section 4 (definition of Surveillance (monitoring) audit)

Repeal the definition of "**Surveillance (monitoring) audit**".

13 Section 4 (definition of Verification audit)

Repeal the definition and substitute with:

Verification audit means an audit for the purposes of ascertaining whether an NDIS provider meets the applicable standards using the verification assessment method described in the definition of 'verification' contained in section 4 of the *National Disability Insurance Scheme (Provider Registration and Practice Standards) Rules 2018*.

14 Section 4 (definition of Worker)

Repeal the definition and substitute with:

Worker has the meaning given in section 4 of the *National Disability Insurance Scheme (Provider Registration and Practice Standards) Rules 2018*.

15 Paragraph 5(4)(d)

Omit “IAF MD4: 2018” and substitute “IAF MD4”.

16 Paragraph 5(4)(e)

Omit “IAF MD2: 2017” and substitute “IAF MD2”.

17 Subsection 6(1)

After the words “Chapter 4 of the Act” insert:

“and section 13B of the *National Disability Insurance Scheme (Provider Registration and Practice Standards) Rules 2018*”

18 Section 7

Repeal the section, including the heading, and substitute:

7 Applicable NDIS Practice Standards and assessment method

- (1) Section 13B and Part 6 of the *National Disability Insurance Scheme (Provider Registration and Practice Standards) Rules 2018* and Part 2 of the *National Disability Insurance Scheme (Practice Standards – Worker Screening) Rules 2018* specify the applicable standards and the method of assessment for an assessment by an approved quality auditor. In conducting a certification or verification audit the applicable NDIS Practice Standards to be assessed are:
- (a) Schedule 1 – Schedule 7 to the *National Disability Insurance Scheme (Provider Registration and Practice Standards) Rules 2018* set out NDIS Practice Standards that apply in relation to a certification audit;
 - (b) Schedule 8 to the *National Disability Insurance Scheme (Provider Registration and Practice Standards) Rules 2018* sets out relevant NDIS Practice Standards that apply in relation to a verification audit; and
 - (c) Part 2 of the *National Disability Insurance Scheme (Practice Standards-Worker Screening) Rules 2018* sets out NDIS Practice Standards that apply in relation to a certification and a verification audit.

Note: Section 23 of the *National Disability Insurance Scheme (Provider Registration and Practice Standards) Rules 2018* and section 10 of the *National Disability Insurance Scheme (Practice Standards – Worker Screening) Rules 2018* provide that if compliance with an applicable standard must be assessed using verification, the requirement is met if compliance with the standard is assessed using certification.

- (2) The *National Disability Insurance Scheme (Quality Indicators) Guidelines 2018* set out indicators and other matters to be taken into account when assessing compliance with the NDIS Practice Standards.

Note: The *National Disability Insurance Scheme (Quality Indicators) Guidelines 2018* can be found at www.legislation.gov.au

- (3) In conducting a verification and certification audit, auditors should have regard to the current document published by the Commission which outlines the evidence that auditors must receive to assess conformity with the verification module of the NDIS Practice Standards as set out in Schedule 8 to the *National Disability Insurance Scheme (Provider Registration and Practice Standards) Rules 2018*.

19 Subsection 10(1) Note

Repeal and substitute with:

Note: The conditions of registration imposed under section 73G of the Act are set out in the certificate of registration issued by the Commissioner.

20 Subsection 10(2)

Repeal the subsection, substitute:

- (2) If no such conditions are imposed on the registration of an NDIS provider, the certification audit program for the evaluation activities in the initial cycle shall include:

- (a) a two-stage initial audit;
- (b) if applicable, a mid-term audit; and

Note: See section 21 of this instrument for further information about mid-term audit requirements.

- (c) a recertification or verification audit in the third year, no earlier than six months before the registration renewal date.

21 Subsection 10(3)

Repeal the subsection, substitute:

- (3) For the purposes of (2), the initial cycle is three years long and begins on the registration approval date.

22 Subsection 10(4)

Repeal the subsection, substitute:

- (4) The determination of the audit program and any subsequent adjustments shall also be in accordance with proportionality and dependent on any identified need to correct non-conformities as set out in Annex C.

23 Subsection 10(5) Note

After “quality audit processes” insert:

“for a certification audit.”

24 Subsection 11(3A)

Repeal the subsection and Note, substitute:

- (3A) Except as otherwise provided in this instrument and in accordance with the required minimum numbers of auditors, the approved quality auditor may determine the responsibilities of auditors within the audit team for an audit, including the number of auditors that attend the inspection and interviews. Those responsibilities, and that number, shall be in accordance with proportionality.

Note: This instrument contains requirements regarding the roles of members of the audit team including audit team leaders, auditors-in-training, auditors with technical expertise, and consumer technical experts.

25 Section 12

Omit “be confined to” and substitute with “include”.

26 Section 13

Omit “Audits for the purpose of certification” and substitute with “Certification audits”.

27 Paragraph 15(2)(d)

Omit “that is proportionate to the NDIS provider” and substitute:
“in accordance with proportionality”.

28 Subsection 15(7)

Omit “proportionate to the size and scale of the provider and the scope and complexity of the supports being or to be delivered” and substitute:
“in accordance with proportionality”.

29 Subsection 15(11)

Omit “the size and scale of the NDIS provider and the scope and complexity of the supports being or to be delivered” and substitute with “proportionality”.

30 Paragraph 17(5)(a)

Repeal the paragraph, substitute:

- (a) For certification audits (including mid-term audits) - no more than twenty eight calendar days post completion of the certification audit or as soon as practicable for mid-term audits; and

31 Subsection 18(3)

Repeal the subsection, substitute and insert:

- (3) The decision to continue NDIS provider certification following a mid-term audit constitutes a certification decision, and requirements of subsections 1 and 2 apply.
- (4) The date of a certification or verification decision is not the same as the registration approval date which is the date on which the Commission decides to approve an application to be registered as a registered NDIS provider or to approve an application to continue that registration.
- (5) Timeframes for the audit program and the audit cycle set out in section 10 are calculated from the registration approval date and not the date of the certification or verification decision.

32 Section 21

Repeal the section, including the heading, and substitute:

21 Mid-term audit

- (1) Mid-term audits shall be in accordance with section 13B of the *National Disability Insurance Scheme (Provider Registration and Practice Standards) Rules 2018* and be in accordance with proportionality. .

Note: Section 13B of the *National Disability Insurance Scheme (Provider Registration and Practice Standards) Rules 2018* provides that a mid-term audit applies to a NDIS provider registered to provide a class of supports for which, under the table in subsection 20(3) to that instrument, the assessment method for the applicable standards is certification, with the exception of:

- (i) a provider that is a partnership or individual and the only registration groups for which certification is required under the table in subsection 20(3) is early intervention supports for early childhood;
- (ii) a provider for which the only registration group is specialist disability accommodation only; and
- (iii) a transitioned provider.

Section 13B provides that a mid-term audit is to use certification and must commence no later than 18 months after the beginning of the period for which the provider's registration is in force. For each registration group for which a mid-term audit is required, the audit must assess whether the provider has met, and is meeting, the following applicable standards for the registration group:

- (i) the standards in Part 3 of Schedule 1 to that instrument;
 - (ii) any standard for which a previous assessment by an approved quality auditor identified a need for the provider to implement a corrective action plan; and
 - (iii) any standard specified in relation to the audit by the Commissioner in a written notice given to the provider.
- (3) For establishing the audit team composition for a mid-term audit, the requirements in section 11 of this instrument apply.

Note: The audit team for a mid-term audit shall consist of at least one auditor, who is an audit team leader (see subsections 11(1A) and (5)).

33 Section 23

Repeal the section, not including the heading, and substitute:

- (1) A NDIS provider seeking to add additional registration groups will use the appropriate Commission form to request a variation of registration through the Commission system.
- (2) The Commission's system will notify the associated approved quality auditor of the changed scope and whether the NDIS Provider is required to be verified or certified against additional modules or parts of the NDIS Practice Standards.
- (3) Changes that do require the NDIS provider to be verified or certified against additional modules or parts of the NDIS Practice Standards shall be considered part of the mid-term audit.
- (4) The approved quality auditor may conduct audits of registered NDIS providers at short notice or unannounced to investigate complaints, or in response to specified changes or events.

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- (5) In the event of (4), the approved quality auditor shall exercise additional care in the assignment of the audit team because of the lack of opportunity for the NDIS providers to object to audit team members.
 - (6) An approved quality auditor may conduct audits of a registered NDIS provider at short notice or unannounced, if requested in writing by the Commission.
 - (7) The approved quality auditor shall keep records of all such communication and verification of changes.
 - (8) If the Commission suspends, revokes, or otherwise varies the registration of an NDIS provider, appropriate action shall include consideration of the change of the scope in future recertification or verification audits (if applicable).

34 Subsection 27(1) Note

Omit “subsection 20(3) or section 21” and replace with “section 20 or section 22”.

35 Subsection 27(5)

Omit “no later than the first surveillance (monitoring) audit” and replace with “before the mid-term audit”.

36 Section 36

Insert

36 Transitional matters- Surveillance (monitoring) and mid-term audits

- (1) In this section:

Amendments means the amendments made by the *National Disability Insurance Scheme (Provider Registration and Practice Standards) Amendment (2019 Measures No. 1) Rules 2019* to the *National Disability Insurance Scheme (Provider Registration and Practice Standards) Rules 2018* (the Rules).

Rules means the *National Disability Insurance Scheme (Provider Registration and Practice Standards) Rules 2018*.
- (2) The amendments commence on 1 January 2020.
- (3) The amendments insert a new section 13B to the Rules which relates to audit requirements. The new section 13B provides that it is a condition of their registration that registered NDIS providers must undergo a mid-term audit if they are registered to provide a class of supports for which the assessment method is certification.
- (4) The transitional provisions in subsection 30(3) of the Rules (as to be inserted by the *National Disability Insurance Scheme (Provider Registration and Practice Standards) Amendment (2019 Measures No. 1) Rules 2019*) provide that the new section 13B amendments relating to mid-term audits apply on

and after 1 January 2020 in relation to all registered NDIS providers, whether they were registered before, on or after that date.

- (4) The previous version of these Guidelines specified that the audit program for registered NDIS providers which were required to undergo certification audits must include surveillance (monitoring) audits in the first and second calendar years following the registration decision, subject to certain exceptions. These requirements are removed from these Guidelines as of 1 January 2020.
- (5) Where a surveillance (monitoring) audit was conducted and completed for a registered NDIS provider before 1 January 2020, the following applies:
 - (a) If the surveillance (monitoring) audit meets the requirements for mid-term audits set out in section 13B of the Rules, then the Commissioner will accept that audit as being a mid-term audit for the purposes of section 13B:
 - (b) The relevant requirements of mid-term audits are set out in subsections 13B(3) to (5) of the Rules as follows:
 - (i) The audit was carried out by an approved quality auditor using certification; and
 - (ii) The audit was carried out no later than 18 months after the beginning of the period for which the provider's registration is in force.
 - (iii) The audit assessed, for each of the class of supports whether the provider has met, and is meeting, the following applicable standards for the class of supports:
 - the standards in Part 3 of Schedule 1 (those relating to provider governance and operational management);
 - any standard for which a previous assessment by an approved quality auditor identified a need for the provider to implement a corrective action plan;
 - any standard specified in relation to the audit, for the purposes of this paragraph, by the Commissioner in a written notice given to the provider.
 - (c) If the surveillance (monitoring) audit does not meet all the requirements of mid-term audits as set out in subsections 13B(3) to (5) then a mid-term audit will need to be conducted which meets all such requirements.
 - (d) If the surveillance (monitoring) audit meets the requirements as set out in subsections 13B(3) to (5), then the registered NDIS provider which was the subject of the audit will not be required to undergo a further mid-term audit during its current registration period.

37 Annex B, clause B.4, paragraph 1

Omit “(proportionate to the size and scale of their organisation and the risk and complexity of the services being delivered)” and substitute with “in accordance with proportionality”.

38 Annex B, clause B.12, Table, Row 2

Omit “as proportionate to the size and scale of the provider”.

39 Annex C, paragraph 6

Omit “twelve” and substitute with “eighteen”.

40 Annex C, paragraph 10

Omit “next surveillance” and substitute with “mid-term”

41 Amendment of listed provisions – mid-term

Omit “surveillance (monitoring)” (wherever occurring) and substitute with “mid-term” in the following provisions:

- (a) subsection 11(1A);
- (c) subsection 22(1);
- (d) Annex B; and
- (d) Clauses 1 to 9 (inclusive) of Annex C.